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A PROGRAM FOR PRICES

By Claude R. Wickard

We are hearing a lot about prices these days and undoubtedly we'll hear more. Food, rent, clothing -- all of the necessities -- are costing us more than they did last fall. And prices of manufactured products, such as automobiles, refrigerators, and radios, are higher.

Prices of farm commodities, in line with the general trend, have also risen during the past year. Figures compiled by the Department of Agriculture show that the average price received by farmers for all agricultural products in mid-October had moved up to 139 percent of the 1910-14 average -- exactly 40 points higher than the average in October 1940.

This rise brought prices received by farmers back into fair relationship with prices paid by farmers. It brought the <u>average</u> of farm prices up to the goal established by Congress in the farm legislation of recent years. In October of this year, prices <u>paid</u> by farmers for the articles they buy, plus interest and taxes, were at 138 percent of the base period; prices <u>received</u> by farmers stood at 139 percent of the base period. If we divide 139 by 138 and multiply by 100, we find that the average of all farm prices on October 15 was 101 percent of parity.

Farmer Must Keep Income and Outgo in Balance

We can't say, then, that the average of agricultural prices was too high in mid-October -- that the farmer was getting too much. For the farmer, like any other business man, must keep income balanced with outgo. If the purchasing power of what he has to sell stays consistently low, he and his family are likely to suffer -- and he may have to give up farming altogether.

I have pointed out many times that the best interests of both farmers and consumers are served by paying fair prices to farmers. That keeps farmers producing, and gives them a fair return for their production. Continued production of enough farm products to meet the demands of the market is the best safeguard consumers can have against both want and inflation. Fair prices -- parity prices -- are the best guarantee of continued production.

The recent increase in agricultural prices has been unusually rapid; but the upward climb started from levels that were abnormally low. In 1939 the purchasing power or exchange value of farm products was only about three-fourths of what it had been durig the 1910-14 period. For the first time in two decades the purchasing power of farm products has reached parity. As this has been the goal of agricultural legislation since 1933, the attainment of that goal ought to be a source of general satisfaction.

Fair Prices and Exorbitant Prices

The country has come to accept the parity principle for agriculture. But parity prices and exorbitant prices are two different things. The country, and that includes the farmers, doesn't want prices to get out of hand. If prices do get out of hand, we shall see inflation -- something nobody wants -- especially farmers.

Recently, I told the Banking and Currency Committee of the House of Representatives that most farmers favor the principle of the original price control bill. I believe that most farmers think a price ceiling at 110 percent of parity, as provided in the original bill, would be acceptable since the extra 10 percent above parity would permit the moderate fluctuations necessary for prices to average parity. The aim of the farm legislation is to maintain parity prices.

In a recent radio broadcast, I told my listeners that I was not in favor of any proposal that would raise the level at which a price ceiling could be put on farm products substantially above 110 percent of parity. I made that statement for two reasons: First, in my opinion, such a proposal would tend to make price control ineffective. Second, it might cause agriculture to lose the good will of the Nation as a whole, and that good will is important. It has taken a long time to sell the idea of equality -- parity -- for the farmer. Farmers would like to keep that idea sold.

I also told my radio audience that I was not in favor of any proposal that would increase the loan rate on cotton, corn, wheat, rice, and tobacco -- the basic commodities -- to 100 percent of parity. The current rate of 85 percent appears to be about right. This rate, plus payments to farmers cooperating in the farm program, is bringing the total returns on the basic commodities to parity levels.

Loan Rate Increase Would Bring Higher Costs

To raise the loan rate on corn would bring about sharply increased costs of producing milk, eggs, meat, and other foods. This would mean that prices of some foods would have to be raised above parity. Consumers would feel the pinch now and farmers would eventually be injured. Furthermore, a high loan rate would make it more difficult for milk, egg, and meat producers to turn out the food needed for defense.

Farmers can make money at parity prices. And at parity prices they can produce in abundance. I think I have made it clear, when we get right down to cases, that I believe we should have only one program for prices. That program is equality for the farmer -- the parity principle. To abandon that principle for a gain that would be only temporary at best would not be the course of wisdom nor of patriotism. Let's keep parity.

TO CORRECT A MISUNDERSTANDING-

By C. C. Warren and S. A. Jones

A great many people apparently are confused when it comes to the objectives sought for poultry and eggs under the Food-For-Freedom Program. This is indicated by a widely held belief that the Department of Agriculture has asked farmers to raise about 14 percent more chickens. This is a misunderstanding. The 14 percent increase applies to slaughter in 1942.

There is quite a difference between the number of poultry slaughtered in any one year and the number raised during that year. It will be possible to slaughter about 14 percent more chickens in 1942, it is believed, if the number of chickens raised on farms in that year is only about 7 percent larger than in 1941. The difference between 7 percent and 14 per cent will consist of heavier marketings of fowl, and an expected -- but not requested -- increase in the production of commercially raised broilers.

Poultrymen were asked to raise 15 percent more young chickens during the spring of 1941 so that by January 1, 1942, we would have 10 percent more hens in flocks than a year earlier. Egg producers have met this call of the Government and it is now believed that egg production in 1942 will be about 10 percent more than in 1941.

Changes Noted in Poultry Meat Situation

The whole poultry meat supply situation has radically changed in recent years. Formerly poultry was mainly a by-product of egg production, consisting of the surplus cockerels, the less-promising pullets sold during the summer, the older hens disposed of at the close of the main laying season, and roosters and hens culled from flocks during the rest of the year. But during the past decade turkeys and commercial broilers, formerly of rather minor importance, have increased to the point where they now furnish over a fourth of the total poundage of all poultry meat produced and practically a third of that marketed.

On the basis of recent estimates it is probable that in 1942 there will be available approximately 400 million more pounds of chickens and turkeys than were available in 1941. At the same time this increased supply of poultry meat will be available, there will be larger supplies of pork, beef, mutton, lamb, veal, and fish

Thus, the Department has established no goal for chickens raised on farms nor for commercial broilers; the goal established for chickens is for chickens slaughtered. The Department, knowing that larger sized laying flocks-- to meet the egg production goal -- mean heavier marketings of poultry, and that profitable egg prices will encourage an increased hatch next spring, expects that about 14 percent more chickens will be slaughtered in 1942 than in 1941 without any special effort on the part of producers.

It is now expected that about the same number of layers will be needed on farms during 1943 as during 1942. This number of layers could probably be obtained even if the number of chickens raised in 1942 were no larger than the number raised in 1941. By next spring, however, the Department will be able to appraise the situation more fully in the light of later developments. It can then indicate whether the number of pullets raised for egg production needs to be increased further in 1942 or held close to the 1941 level. Should additional needs develop next year and a call for still greater production be made, producers undoubtedly will respond. They did this year.

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TRADE AGREEMENT WITH ARGENTINA REDUCES TARIFF ON PROCESSED MEAT

In the recently concluded trade agreement between Argentina and the United States, the principal provision of interest to the livestock industry in this country is a reduction in the duty on canned, pickled, or cured beef and veal. Under the 1930 tariff act the duty on these products was 6 cents per pound but not less than 20 percent ad valorem. Under the new trade agreement the minimum 20 percent ad valorem provision is retained but the rate per pound is reduced to 3 cents. During the past several years the duty of 6 cents per pound has been equivalent to roughly 50-75 percent of the value per pound of these imports. Unless prices of these products advance to exceptionally high levels, the duty of 3 cents per pound will be greater than the minimum rate of 20 percent ad valorem.

Production of canned beef in the United States is small, and the domestic demand for this product is met to a considerable extent by imports almost exclusively from the four South American countries, Argentina, Brazil Paraguay, and Uruguay.

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USDA ANNOUNCES 1942 PROGRAM TO DIVERT POTATOES TO STARCH

The Department of Agriculture has announced a program for diversion of up to 5 million bushels of Irish potatoes into starch and dextrine. For the present the program will operate in Maine, Minnesota, Idaho, and Oregon, and will be similar to potato diversion programs operated in 1937-38 and in 1940-41.

Under the 1942 program, Federal payments of 30 cents per barrel will be made by the Surplus Marketing Administration for 1941 crop Irish potatoes of U.S. No. 2 grade or better, which are diverted into starch or dextrine. In addition, the grower will receive 60 cents per barrel from the starch manufacturer for potatoes meeting grade requirements.

DON'T SPARE THE MUSTARD

By Jay Diamond

You can quit worrying about the mustard supply. Every hot dog consumed during the next year could be smeared with a thick yellow coating of the stuff and there still would be plenty left for mustard plasters. As a matter of fact, mustard is definitely in the ever-normal-granary category this year.

It all started last spring, when farmers in Montana decided to expand their mustard seed acreage. The result was a crop of 55 million pounds--more than combined production and imports in any previous year. California and other States added 18 million pounds to bring the total United States crop to 73 million pounds. Just by way of comparison, the previous record home-grown crop, in 1938, totaled 18 million pounds; and record imports, in 1937, were about the same.

In other words, mustard comes off the list of things we need to import this year. And judging by the rapidity with which production can be expanded, mustard can stay off the list.

Montana and California Lead in Production

Montana and parts of California long have been the principal sources of commercial mustard because they possess exactly the right climatic requirements: Rainfall and hot weather, during which the crop grows with weed-like rapidity, followed by a comparatively hot, dry period, which allows the plants to mature. In California these conditions are limited to a few valleys, but in Montana they prevail throughout a section that is larger than the combined area of Massachusetts, Rhode Island, Connecticut, New Jersey, and Delaware.

Most of Montana's mustard seed growers also raise wheat, and they have equipment to handle either crop. Mustard, like wheat, can be harvested with a grain binder or "combined" from windrows.

Reduced wheat acreage allotments in the mustard-producing areas of the State in 1942 would provide an incentive for a material expansion in mustard seed acreage next year. But low prices and poor weather at planting time could offset such a tendency to increase acreage and could bring about reduced plantings.

Prices to farmers for that part of the 1941 crop grown under contract are ranging from $3.25 per hundred pounds for the brown varieties to $4.50 for the preferred yellow variety. These prices are about 25 to 50 cents higher than a year earlier. But most of the independently grown (noncontracted) part of the 1941 crop is still stored on farms.

So, when somebody passes you the mustard jar, you can be sure there's more where that came from. You can lay it on thick this year.

WICKARD URGES REPAIR OF FARM MACHINERY DURING WINTER MONTHS

In a radio talk October 30, Secretary of Agriculture Wickard urged farmers to repair every piece of serviceable farm machinery during the winter months.

"We just won't be able to buy as much new farm machinery next year as we'd like to buy," Wickard said. "Farm machinery manufacture requires steel and other metals; and metals are badly needed to manufacture weapons of defense--planes, tanks, guns, ships."

"This fall is the ideal season to start on the repair jobs," the Secretary said. "It's good business any year and especially so this year when repair parts may be scarce. I suppose most of us usually don't worry much during the winter months about the condition of our machinery and equipment. We wait until it's about time to use it; then we get it out to make sure it's in good condition. Well, that just won't do this year. We may not be able to get all the repair parts we need if we wait until it's time to use the machine. The days are going to be even more precious next spring than they have been before, because there is so much more at stake."

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BUYERS KNOW LITTLE ABOUT BEEF GRADES OR BRANDS, SURVEY SHOWS

Most women buying beef know very little about either the grades or brands of beef, the University of Illinois College of Agriculture reports. Only about one-fifth of the 351 meat buyers interviewed in Decatur, Ill., could name any Government grades, and very few could name any packer brands--even though most of them purchased branded beef. Most of them did not know whether they bought graded beef, and more than half did not know what class of beef they bought--whether steer, heifer, or cow.

This and other surveys conducted in Illinois by the University reveal that confusion usually results from the large number of packer brands used. Not only were most of the consumers unable to distinguish between them, but most of the retailers did not understand their significance. Many retailers felt that too many brands were being used.

Results of the entire survey, which was conducted over a period of 2 years, are published in a new University of Illinois bulletin, No. 479, entitled, "Retailer and Consumer Reaction to Graded and Branded Beef."

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The current rate of mill consumption of apparel wool in the United States is about 75 percent above the average of recent years.

REGULATING THE MERCHANTS OF DEATH
By Phil Perdue

Two men looked through the door of the "death chamber."

Their eyes narrowed as they looked at the carnage. Then one of the men spoke. "Only 13 fatalities--not so good," he said. The second man quickly made a record of the death toll. "Far from satisfactory, any way you look at it," continued the first, and the other nodded in agreement.

Yes, the victims were merely flies, and the men were Government scientists. But the little drama spelled trouble for the manufacturer of a fly spray "guaranteed" to put flies, mosquitoes, and other household pests out of commission. That guarantee--as the experts discovered from conclusive tests--was only a nice-sounding word on a bottle.

This particular test represents only one phase of an important program carried on by the Department of Agriculture's Marketing Service--a program that protects the public's pocketbook, health, and good disposition from the chicanery of unethical or careless manufacturers of insecticides, fungicides, and disinfectants. Charged with the administration of the Insecticide Act of 1910, the Marketing Service attempts to keep unfair practices in the interstate merchandising of these products to a minimum. Consumers and scrupulous manufacturers, through this vigilance, are protected.

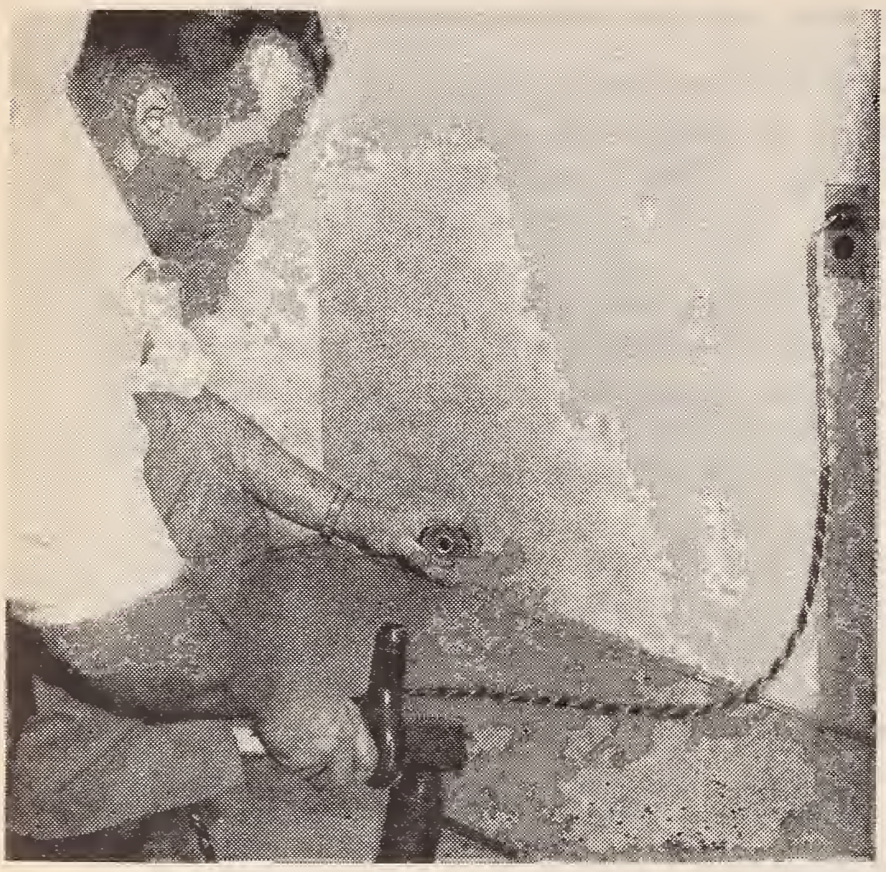
You might say, "Why worry about this when we've got a big defense program on our hands?" Well, this <u>is</u> part of the National Defense Program. It is part--a big part--of the effort to produce food for this country and for Great Britain. The battle of man with insects is a war within a war--a war without quarter for the world's food supply.

Insect Toll Would Pay Bill for Education

Don't be fooled because insects can't fire torpedoes at ocean liners or bomb cities from airplanes. Insect damage alone still nullifies the labor of a million men each year and is responsible for damage costly enough to pay our national educational bill. Insects, fungi, and germs are not only despoilers of food and property--they are killers, directly and indirectly.

To combat this perpetual invasion, vast quantities of preventives are used annually in an attempt to lessen the damage done. Most of these products are efficient, but some are not. And producers, particularly today, can't afford to play a game of trial and error with insect control.

That's where the Agricultural Marketing Service comes in. Through continual inspection and testing of hundreds of preparations shipped in interstate trade, ineffective and fraudulently labeled products are kept off the market. It is a regulatory job.



Counting the fly-kill in the "death chamber" is done with the help of a machine that looks like a tiny nozzled vacuum sweeper. Each fly picked up is registered on the hand counter. For use in the tests, Marketing Service experts breed hundreds of flies each year. The testing room is a specially constructed chamber. Through small doors on each side is sprayed the fly-killing solutions. Before the next test, a small air-conditioner draws out all fumes of the previous spray.

In a "graveyard" of posts, tests are conducted to determine the effectiveness of various anti-termite solutions on the market. In this case, the solution did not work, as evidenced by the termite damage at the post's ground line. Other termite tests also are made, but this one simulates real conditions confronting fence posts.

The Marketing Service considers the Nation in terms of 8 districts, and has inspectors in each. These inspectors are the first line of defense in "keeping the boys in line." They collect samples of insecticides and allied products shipped in interstate commerce and send them to one of the Government's field laboratories or to the main laboratory at Beltsville, Md. Here the product is given the third degree by chemists, microscopists, bacteriologists, entomologists, veterinarians, and plant pathologists--one or all, depending upon what tests are necessary.

Tests may take only a few hours or they may take several years. For instance, if a preparation lays claim to protect material for 3 years against moths--those sharp-toothed little cloth-eaters--the tests may have to be conducted that long to determine the truth of the claim. In the case of insecticides for plants, it may be necessary to wait until plants can be grown before tests can be made. Many tests are carried on in the laboratory, but in other cases natural conditions are best for accurate checking.

Results of the tests--in cases that are to be prosecuted under the act--are introduced into court as evidence. The scientists who conduct the tests are called in as star witnesses for the Government.

Natural Conditions Simulated at Beltsville

The Marketing Service's laboratories at Beltsville have gardens, greenhouses, orchards, and animal pens to aid in the tests, together with special setups, such as the "death chamber." In one room you will find pieces of flannel hanging from the ceiling and the place alive with moths. Each piece of flannel is soaked in a "moth prevention" solution, and if this horde of voracious insects doesn't bite a hole or two in the cloth, you can have quite a bit of confidence in that particular solution.

Flies, mosquitoes, ants, roaches, and the like are the bane of the average urbanite, and his mind focuses on preparations to eliminate these marauders. But the farmer, who is familiar with this side of insect life too, knows that he must incessantly fight all kinds of pests and fungi in order to make a living from his crops and livestock. These insects and plant diseases--and there are hundreds of them--can, if given a chance, wipe out his fields and orchards. Termites can literally eat him out of house and home.

What can be done about these invaders? Well, there are hundreds of preparations, carrying such sinister names as Killem Dead, Moth Massacre, Fly-Fighter, and Bacteria Blitz. (Any resemblance to actual trade names is purely coincidental.) The public has to depend upon the claims made on the labels of these products.

So labels come in for their share of scrutiny when the Marketing Service checks a product. The label has to be accurate as to contents. It must make no false claims as to the efficiency or scope of the product.

The statement of ingredients must be truthful. In other words, fraud is not permitted in the slightest degree.

Case Histories Show Frauds

Case histories of judgments under the Insecticide Act illustrate just how products are foisted on the public under false colors. Exaggerations and positive misstatements are not infrequent.

One manufacturer put on the market a product that he claimed would effectively treat smut of barley, stinky smut of wheat, and loose smut of oats. But tests made by the Marketing Service showed that it was not an effective treatment for any of these plant diseases. Further, it was discovered that the product did not even contain the ingredients listed on the label. The $100 fine assessed for this violation will, no doubt, make the company more careful in the future.

A manufacturer of a disinfectant claimed his product would not burn the skin; that it was efficacious for obstetrical hygiene and operating room use; that it was safe and thorough and "without equal." Tests showed that it was unsuitable in every respect. Another manufacturer recommended a spray for use in hospitals, schools, and public buildings to prevent and control the spread of infectious diseases. In this case, too, the preparation was found to be useless for these purposes. It is easy to see how dangerous such products might be if allowed to remain on the market.

Cases are recorded of manufacturers exaggerating even the quantity of solution in the container. One product advertised for treating plant diseases was found to be actually harmful to plants. The manufacturer was fined $200.

Sometimes the manufacturers fight back in court, but more often than not they plead guilty and take the consequences. The consequences, usually a fine, depends upon the offense. Most manufacturers know that the Government "has the goods on them" before the case goes to court.

Leading Manufacturers Support Act

Thus the Insecticide Act protects the public and the trade from unfair marketing practices. It has been said that no regulatory law has been passed by Congress that more nearly affects the welfare of the Nation. As a regulatory statute, it is unique in that it has the wholehearted backing of leading insecticide and fungicide manufacturers.

Administration of the act was formerly under the Federal Food and Drug Administration. But administration was turned over to the Agricultural Marketing Service on July 1, 1940, when the Food and Drug Administration was transferred from the Department of Agriculture to the Federal Security Agency.

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DECREASE IN CATTLE FEEDING SEEN BY MARKETING SERVICE

A considerable decrease in cattle feeding from a year earlier is expected during the 1941-42 fall and winter feeding season, the Agricultural Marketing Service reported recently. Most of the decrease will be in the Corn Belt States, where shipments of feeders during the 3 months, July through September, have been about one-third less than last year.

Although there may be a rather heavy movement of feeders during the last 3 months of the year, available information as to stocker and feeder cattle to be moved from producing States does not point to a sufficient volume to offset the decrease in the shipments during the July-September period.

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BURLEY TOBACCO GROWERS VOTE FOR GOVERNMENT INSPECTION

Tobacco inspection was favored by over 90 percent of the tobacco growers voting as patrons of 27 Burley markets in Kentucky, Tennessee, North Carolina, Indiana, and Missouri. The growers voted in a referendum held October 2 to 4, under the provisions of the Tobacco Inspection Act.

With the recent designation of these markets by the Secretary of Agriculture, tobacco inspection and market news services has become a regular part of the program at all auction tobacco markets in Kentucky, Tennessee, Ohio, West Virginia, Indiana, and Missouri.

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FARM FORECLOSURES ARE LOWEST IN SEVEN YEARS

Farm foreclosure sales were the lowest in 7 years during the year ending June 30--a year that showed a sizeable expansion in the use of mortgage credit by farmers. The Farm Credit Administration says that a drop of 30 percent in farm foreclosure sales and an increase of 8 percent in the dollar volume of farm mortgage lending took place in the fiscal year 1941, compared with the previous year.

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Henry S. Clapp, instructor of the University of New Hampshire, picked up a note, read it, shivered, turned blue, and dug out his winter flannels. The note, written from a Summer Street address, asked that his November 7 talk on lilacs before the Newport Garden Club be changed to a talk on winter boquets, to be held at the Frost home on Winter Street.

MARKETING OFFICIALS HOLD ANNUAL MEETING IN ST. LOUIS, MO., OCTOBER 28, 29, AND 30

Problems of marketing food during the national emergency came in for a major share of the discussions at the twenty-third annual convention of the National Association of Marketing Officials, held at St. Louis October 28, 29, and 30. Representatives from 30 States and the U. S. Department of Agriculture attended the 3-day meeting.

Speakers on the program were C. W. Kitchen, Chief, Agricultural Marketing Service, U. S. Department of Agriculture; M. L. Wilson, Director of Agricultural Extension, U. S. Department of Agriculture; William C. Crow, Bureau of Agricultural Economics, U. S. Department of Agriculture; Raymond B. Bressler, Director, Rhode Island State Department of Agriculture and Conservation; Edmund E. Vial, Surplus Marketing Administration, U. S. Department of Agriculture; Edward Twentyman, Deputy Head of the British Food Mission to the United States; Carl A. Hardigg, Chief of Subsistence Branch of the Supply Division, War Department; Gordon Nance, Extension Marketing Specialist, Missouri College of Agriculture; W. G. Meal, who read a paper prepared by J. Clyde Marquis, Office of Foreign Agricultural Relations, U. S. Department of Agriculture; Clifford R. Hope, U. S. House of Representatives; and George R. Ross, North Carolina State Department of Agriculture.

Officers elected for the coming year were: President, S. S. Rogers, Chief, Bureau of Fruit and Vegetable Standardization, California State Department of Agriculture; Vice-President, N. S. Nichols, Chief, Division of Markets, Tennessee State Department of Agriculture; and Secretary-Treasurer, J. H. Meek, Director, Division of Markets, Virginia State Department of Agriculture, re-elected for another term. The Association voted to hold the 1942 convention in California.

(Copies of the full proceedings of the 1941 convention may be obtained after the first of the year by writing to J. H. Meek, Director, Division of Markets, Virginia State Department of Agriculture, Richmond, Va. The price is one dollar. --Editor.)

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HATCHING EGGS SHIPPED TO ARGENTINA BY AIR

To overcome transportation difficulties that have in the past retarded shipment of improved United States poultry stock to South American countries, the Department of Agriculture is cooperating in the shipment of hatching eggs by air express.

The eggs are being sent in response to a request from Felipe A. Espil, Argentine Ambassador to the United States, who asked cooperation of the Department in locating poultry-breeding stock for use of the Argentine government.

PROTECTION AT THE STOCKYARDS

By F. W. Miller

The word "bond" intrigues us. We associate it almost automatically with safety, assurance, and freedom from loss. And this concept carries over into the field of human relations. For when we say of a man that his "word is as good as his bond," we mean that we can place absolute reliance in his honesty--and we pay him just about the highest compliment possible.

Under the Packers and Stockyards Act, the word "bond" is a synonym for "freedom from loss"--a very specific meaning. For Congress, to protect livestock producers in their dealings with commission men at posted stockyards, has empowered the Secretary of Agriculture to require bonds of agents who handle livestock on commission. This means, in simple language, that the producer who sends his animals to a commission man at a posted stockyard to be sold, and for any reason fails to get his money back, can depend upon the bond as one means of collection. That is, if the commission man doesn't pay, the bonding company--the surety--must.

Losses in Livestock Marketing Low

There have been cases where the bond was not big enough to pay off 100 cents on the dollar, true. But the record of losses in the livestock marketing field is very low. In fact, the losses, when compared with the enormous values involved, are probably as low, if not lower, than in any comparable commercial field.

Since there have been losses, however, the question of bond coverage--the amount of bonds normally required to protect producers--is important. Without analyzing the matter too deeply, we might conclude that the total value of livestock sold by commission men at stockyards-- over $1,350,000,000 in 1940--might be a fair basis for computing the amount of bond coverage required. But let's go a little further. In a majority of cases the commission man collects from the buyer and sends the money to the producer within 24 hours. That means a constant turnover, with money coming in and money going out. The agent, as a rule, has in his hands at any one time no more than the money from 2 days' sales of livestock.

Bond Must Be Equal to Sum of 2 Days' Sales

So it has been made a rule that the amount of bond the agent must carry shall be equal to the value of 2 average days' sales. In other words, suppose a commission man sells a million dollars worth of livestock during a year at the Chicago stockyards. This market is open for business 6 days a week, which makes 308 business days a year--leaving out Sundays and holidays. Thus 2 days' sales would average about $6,50C, and that would be the amount of the bond required. In the case of a dealer the method of computing the amount of the bond is much the same. At auction markets, where sales are usually held only one day a week, the number of days used to compute the amount of the bond is less.

It should be pointed out that hundreds of commission men are honest. Their friends and customers trust them, bond or no bond. But the Agricultural Marketing Service can't just take their word and let it go at that. There is a Federal law on bond requirements, and the administration of that law brings up a great many technical details.

To begin with, a bond is, in essence, a contract. The surety agrees to pay if the principal--the commission man--doesn't. But just what will be paid, and how, and when, and where, must be set out very carefully. If it isn't, and for any reason a court action is brought, there is usually trouble.

Hence, the bond is a legal paper. It describes just what is to be done if the commission man doesn't pay the producer the money due him. It must be signed, sealed, and delivered with almost as much pomp and circumstance as a treaty. All this is naturally a bother to the commission man--particularly to the honest commission man--but it is the law.

The Agricultural Marketing Service, the administrator of the law, has only one thought in mind: To get the farmer his money with as little fuss and feathers as possible. A trustee is provided to receive and distribute the money, and, ordinarily, no lawsuit is necessary. But if a case goes into the courts, the individual producer, though not named in the bond, can bring suit to recover.

Only Sound Sureties Acceptable

As an additional protection, only those sureties that are approved by the U. S. Treasury for furnishing bonds to the Federal Government are accepted. This means solvent, sound sureties. Because of a law passed by Congress a long time ago, bonds are accepted other than those written by surety companies. However, in such cases, the collateral put up to provide funds in case of default is examined critically. The collateral must be sound and must be of a type that can be turned quickly into money.

There is still another step that is taken, under certain conditions, as a further safeguard. If a commission man trades in livestock on his own account, or finances others, he is required to set up a separate account for the shippers' money. In other words, the commission man can use his own money to trade, but he can't use that of his customers.

In one case involving this matter a Federal Circuit Court said: "That service (the commission man's) is not complete until the agency has fully accounted to the shipper for the proceeds of the livestock sold.... But it is urged that inasmuch as the act requires the market agency to furnish bond for the protection of the shipper that this indicates an intent to adopt this as an exclusive remedy....If, notwithstanding the demands of the Secretary, the commission men persist in the practice (of using shippers' money for purposes of their own) and by reason of such practice the shippers suffer pecuniary loss, they could then recover

on the bond. The prohibition against unfair practices (such as the misuse of shippers' funds) is to protect shippers. The bond requirement is to give shippers a remedy when protection fails."

The clauses in brackets are intended to clarify the decision for the lay reader, though there can be no doubt about the Court's view.

Livestock producers must always keep in mind that bonds protect only on deals at posted stockyards; that is, stockyards supervised by the Agricultural Marketing Service under authority of the Packers and Stockyards Act. The bonds do not protect producers who sell their animals on the farm or ranch. So far as such transactions are concerned, the producer is "on his own."

To sum up, then, the bond under the Packers and Stockyards Act is to cover the safe return of producers' proceeds on shipments consigned to agencies at posted stockyards. There may be times when, even with a bond, the return will not be one hundred percent; but these times have been very few in number. The bonds, whether surety or otherwise, are so written and maintained as to be good for their face value at all times. If a commission man or dealer cannot or will not get a bond, the Agricultural Marketing Service does its best under the law to stop his operations until he does get a bond.

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FARM LABORERS DRAWING BEST WAGES SINCE 1930

Faced with a declining supply of available workers, farmers have been able to keep their hired men this fall only by sharply increasing farm wage rates. Figures issued by the Department of Agriculture show that wage rates on October 1 had advanced to 165 percent of the 1910-14 average, 5 points over July 1, 36 points over a year ago, and the highest since 1930.

--V--

Large quantities of gum spirits of turpentine have recently been purchased by the Federal Surplus Commodities Corporation for shipment under authority of the Lend-Lease Act. In addition, the Government has purchased, or has asked for bids on certain other naval stores products, including pine oil, pine tar (retort and kiln-burned), pine tar oil, pine pitch, wood rosin, liquid (or sulphate wood) rosin, and several proprietary compounded products. Under the terms of the contracts entered into by vendors with the Government, all of these naval stores products are subject to inspection and certification by the Agricultural Marketing Service. This is to insure proper packaging and delivery of naval stores in compliance with the specifications and terms of the contracts. The cost of such service must be borne by the vendor.

USDA ANNOUNCES 1941
SOYBEAN LOAN PROGRAM

A soybean loan program designed to aid the orderly marketing of a 1941 crop stimulated to record proportions to meet defense needs was announced recently by the Department of Agriculture. It is the first soybean loan offered under the Department's commodity credit programs.

Loans will be made through the Commodity Credit Corporation and will be administered in the field by the county committees of the Agricultural Adjustment Administration, in a manner similar to that now employed with loan programs in effect for wheat, corn, and other grain. Grades to serve as bases for determining the loan rate will be established according to the official grain standards for soybeans.

Loans at the rate of $1.05 per bushel for No. 2 or better soybeans of all classes, stored on farms, will enable farmers to retain their crop for marketing at a later time. By providing a regular flow of soybeans to the mills all during the year, it is hoped to avoid overcrowding the limited facilities of the crushing mills and the capacities of the commercial warehouses.

--V--

ALFALFA-SEED PRODUCTION THIS
YEAR SMALLER THAN IN 1940

Production of alfalfa seed this year is expected to be about one-third smaller than that of last year and about 6 percent below the 10-year (1930-39) average. It is estimated that 964,300 bushels of thresher-run seed will be produced this year, cpompared with 1,434,400 bushels last year and the 10-year average of 1,028,220 bushels.

Decreased production this year is attributed to reductions both in acreage harvested and in prospective yields per acre.

--V--

If everybody in the United States ate one egg every day, poultrymen of the Nation would have to increase their production of this protective food by about 30 percent, says H. L. Wilcke, poultry head at Iowa State College. Wilcke also says that poultrymen would have to keep flocks that would lay a total of 47,450,000,000 eggs per year.

--V--

Farm exports for the year ended June 30, 1941, were the lowest in 69 years, and represented only 9 percent of all exports. For only the second time on record, agricultural exports were exceeded in volume by imports of farm products similar to those grown in the United States.

-PERTAINING TO MARKETING-

The following reports and publications, issued recently, may be obtained upon request from:

The Agricultural Marketing Service:

Federal-State Relations (Address). . . By C. W. Kitchen

Cotton from Boll to Bale (Leaflet No. 211). . . By Francis L. Gerdes, William J. Martin, and Charles A. Bennett

The Work of the United States Cotton Ginning Laboratory (Miscellaneous Publication No. 445)

North Carolina Cotton, Estimated Acreage, Yield, and Production, 1928-1939, by Counties. . . By Frank Parker

Drying of Seed Cotton at Gins. . . By Francis L. Gerdes and Victor L. Stedronsky

Livestock, Dairy, and Poultry Statistics of Iowa, 1920-1940. . . By Leslie M. Carl

Preliminary Report of Dairy Products Manufactured, 1940

Market Summaries, 1941 Season:

Georgia Peaches. . . By R. E. Keller
Florida Citrus . . . By H. F. Willson

The Bureau of Agricultural Economics:

Outlook for Farm Income. In the Farm Income Situation, October 1941 Issue

Outlook for Fats and Oils. In the Fats and Oils Situation, October 1941 Issue

Outlook for Dairy Products. In the Dairy Situation, October 1941 Issue

Outlook for Turkeys. In the Poultry and Egg Situation, October 1941 Issue

University of Illinois Agricultural Experiment Station:

Retail and Consumer Reaction to Graded and Branded Beef. . . By R. C. Ashby, R. J. Webb, E. C. Hedlund, and Sleeter Bull